3001 Small Business Relief - COVID-19 / Catalyst

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Introduction

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Topic #3001, Small Business Relief: COVID-19 explores certain relief programs for small businesses impacted the COVID-19 pandemic. It discusses the Paycheck Protection Program (PPP) Loan, a new form of Small Business Administration (SBA) Section 7(a) loan, available from February 15 through June 30, 2020, to cover specific expenses, such as payroll, rent and utilities. Specific attention is given to eligibility requirements, maximum loan amounts, and under what circumstances the whole or a portion of a loan may be forgiven. This Topic also discusses Economic Injury Disaster Loans (EIDLs), which are direct low-interest federal loans issued by the SBA to help businesses overcome temporary revenue losses, and special features of EIDLs issued in connection with the COVID-19 pandemic to cover the period from January 31, 2020 to December 31, 2020, including the availability of emergency advances of $10,000 payable in the form of grants. Finally, deferment options in connection with Section 7(a) loans made before March 27, 2020 is examined.

3001:000 Quick Look

Synopsis: On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, a $2.3 trillion relief package aimed at assisting individuals and businesses in weathering the economic downturn caused by the COVID-19 pandemic. The CARES Act contains several provisions designed specifically to provide government assistance to small businesses in the form of increased access to loans, and, in some cases, subsequent forgiveness from the amounts borrowed. Section 1102 of the CARES Act temporarily adds a new product, titled the Paycheck Protection Program (PPP), to Section 7(a) of the Small Business Act. PPP loans will be available to eligible small businesses from February 15, 2020, through June 30, 2020. An eligible recipient of a PPP loan must use the proceeds to maintain payroll and pay certain non-payroll costs during the eight-week period following the loan. Section 1106 provides for forgiveness of up to the full principal amount of a PPP loan if the borrower uses the proceeds for the required purposes and does not reduce headcount or significantly cut salaries. Section 1110 of the CARES Act makes Economic Injury Disaster Loans (EIDLs) under Section 7(b)(2) of the Small Business Act more accessible to small businesses, and also allows an applicant for an EIDL to request an immediate $10,000 emergency advance that is not required to be repaid. Finally, Section 1112 requires the Small Business Administration to pay six months of principal, interest, and fees on existing and new Section 7(a) loans, excluding PPP loans.

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3001:050 Background

Synopsis: Congress created the Small Business Administration (SBA) in 1953 to make capital available to eligible businesses through bank and non-bank lending institutions. Section 7(a) of the Small Business Act offers a wide variety of options to eligible borrowers, including Standard, Small, Express, Export Express, and Export Working Capital Loans (collectively, “Section 7(a) loans.”) In addition, Section 7(b) provides assistance to businesses located in declared disaster areas that have suffered economic injury related to the disaster (Economic Injury Disaster Loans, or EIDLs). On March 6, 2020, as part of the Coronavirus Preparedness and Response Supplemental Appropriations Act, Congress declared the COVID-19 pandemic a federal disaster for purposes of Section 7(b) of the Small Business Act, making EIDLs available to eligible recipients in all 50 states, territories, and the District of Columbia. On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. Section 1102 of the CARES Act granted the SBA authority to modify existing loan programs and establish a Paycheck Protection Program (PPP) under Section 7(a) of the Small Business Act. The PPP authorizes up to $349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crises; an additional $310 billion was made available for new PPP loans on April 24, 2020 under the Paycheck Protection Program and Health Care Enhancement (PPPHCE) Act. PPP loans are made by existing SBA lenders, federally insured banks and credit unions, and other regulated lenders approved by the SBA. PPP loans are available from February 15, 2020, through June 30, 2020, to businesses and certain nonprofit organizations with not more than 500 employees, and will generally be equal to 250% of an eligible recipient's average monthly payroll costs. PPP loan proceeds must be used to pay employee salaries and other payroll costs, as well as rent, utilities, and interest on a mortgage or other debts. Section 1106 of the CARES Act provides for tax-free forgiveness of up to the full principal amount of qualifying PPP loans, provided the borrower does not reduce employees or salaries after the amounts are borrowed. Section 1110 of the CARES Act expanded eligibility for EIDLs to sole proprietors and independent contractors, among others, from January 31, 2020, to December 31, 2020, and allows an applicant for an EIDL to receive an emergency grant of up to $10,000. The SBA has issued three rounds of Interim Final Rules governing PPP loans, as well as informal guidance in the form of Frequently Asked Questions.

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3001:100 Paycheck Protection Program Loans

Synopsis: As part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress created a new loan program under Section 7(a) of the Small Business Act, the Paycheck Protection Program (PPP). PPP loans are available from February 15, 2020 through June 30, 2020, and are made by existing Small Business Administration (SBA) lenders, federally insured banks and credit unions, and other regulated lenders approved by the SBA. An eligible recipient of a PPP loan is generally defined as either (1) a small business concern as defined by Section 3 of the Small Business Act or (2) a business or certain nonprofit organization with fewer than 500 employees. A self-employed taxpayer, sole proprietor, or independent contractor may also be an eligible recipient. A borrower's maximum loan proceeds are generally equal to the lesser of (1) 250% of an eligible recipient's average monthly payroll costs or (2) $10 million. To apply for a PPP loan, an eligible recipient must submit Form 2483 (Paycheck Protection Program Application Form) to a lender before June 30, 2020. PPP loans are nonrecourse to any individual shareholder, member, or partner of an eligible recipient. A business may not apply for more than one PPP loan. PPP loans have a maturity date of two years, an interest rate of 1%, and repayment is deferred for a period of six months. PPP loan proceeds must be used to pay payroll costs, including salaries and employee benefits, and certain other non-payroll designated uses, and must make certain good faith certifications to the lender.

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3001:110 Eligible Recipients of a Payroll Protection Program Loan

Synopsis: The Coronavirus Aid, Relief, and Economic Security (CARES) Act created the Payroll Protection Program (PPP), a new forgivable loan under Section 7(a)(36) of the Small Business Act designed to allow small businesses to pay their employees during the COVID-19 crisis. To qualify as an eligible recipient of a PPP loan, a business must be either (1) a "small business concern" as described in Section 3 of the Small Business Act, or (2) a business, nonprofit organization, veterans organization, or Tribal business concern that employs not more than the greater of (a) 500 employees or (b) if applicable, the size standard in number of employees established by the Small Business Administration (SBA) for the industry in which the business, nonprofit organization, veterans organization, or Tribal business concern operates. A business meets the definition of a small business concern if it satisfies the applicable size standard for its industry as defined by the North American Industry Classification System (NAICS). The size standards are expressed either in number of employees or annual receipts in millions of dollars, unless otherwise specified. In determining a business's number of employees for purposes of the size standard, the SBA counts all individuals employed on a full-time, part-time, or other basis. Receipts means all revenue in whatever form received or accrued from whatever source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances. When testing the size standard, a business is required to combine its employees or receipts, as applicable, with those of any affiliated domestic or foreign business, regardless of whether the affiliates are organized for profit. A business, nonprofit organization, veterans organization or Tribal business concern that fails to meet the definition of a small business concern will nonetheless be an eligible recipient of a PPP loan if it has fewer than 500 employees. Specific rules regarding control and affiliates apply in counting employees for purposes of this test, except that they may be waived for certain entities that apply for a PPP loan.

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3001:120 Determining Maximum Loan Proceeds on a Paycheck Protection Program Loan

Synopsis: An eligible recipient may apply for a Paycheck Protection Program (PPP) loan from February 15, 2020, through June 30, 2020. The maximum amount of the loan is generally the lesser of 2.5 times the eligible recipient's average monthly payroll costs for the previous 12 months, or $10 million. Recent guidance from the Small Business Administration (SBA) allows an eligible recipient to instead use the monthly average of calendar year 2019 payroll costs in computing maximum loan proceeds. Alternative date ranges are also available for seasonal employers and eligible recipients who were not in business during parts of 2019. The CARES Act defines "payroll costs" as the sum of payments of different types of compensation and employee benefits to employees. Payroll costs of a business do not include payments made to an independent contractor on Form 1099-MISC. A sole proprietor, independent contractor, or self-employed individual computes payroll costs based on amounts of net self-employment income received during the relevant period. Certain costs are specifically excluded from the computation of payroll costs.

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3001:130 Loan Forgiveness

Synopsis: A recipient of a Payroll Protection Program loan is eligible to have the debt forgiven in an amount equal to the payroll, mortgage, rent and utility costs incurred and payments made during the eight-week period beginning on the date of the loan proceeds disbursement. The amount of the forgiveness cannot exceed the principal amount of the debt. The amount eligible for forgiveness is reduced if the borrower decreases headcount or substantially reduces salary during the covered period. The reduction can be restored, however, if the borrower restores employees and salary by June 30, 2020. Any forgiven amount will not be included in the gross income of the borrower.

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3001:140 Other Loan Options in the CARES Act

Synopsis: The Coronavirus Aid, Relief, and Economic Security (CARES) Act added the Paycheck Protection Program (PPP) to Section 7(a) of the Small Business Act. Traditional loans under this section—including Standard, Small, Express, Export Express, and Export Working Capital Loans (collectively, “Section 7(a) loans”), remain available, however. Section 1112 of the CARES Act provides a subsidy for new and existing Section 7(a) loans, excluding PPP loans. For Section 7(a) loans made before March 27, 2020, the Small Business Administration (SBA) will pay the principal, interest, and associated fees for a six-month period beginning with the next payment due on the loan after March 27, 2020. For new Section 7(a) loans made between March 27, 2020 and September 27, 2020, the SBA will pay the principal, interest and fees for a six-month period beginning with the first payment due on the loan. On March 13, 2020, President Trump declared the ongoing COVID-19 pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, territories, and the District of Columbia. As a result, eligible businesses nationwide became eligible to apply for an Economic Injury Disaster Loan (EIDL) from January 31, 2020, through December 31, 2020. The CARES Act expanded access to an EIDL during this period to additional small businesses, including sole proprietors with no employees and independent contractors. EIDL proceeds must be used for working capital necessary to carry a business until resumption of normal operations and for expenditures necessary to alleviate the specific economic injury, including paying fixed debts like a rent or mortgage, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The CARES Act allows applicants for an EIDL to request an emergency grant of not more than $10,000. The grant is to be paid within 3 days, and must be used for specific purposes. The emergency grant is not required to be repaid, even if the applicant is denied the EIDL. If an eligible recipient has received an EIDL between January 31, 2020 and April 3, 2020, for reasons other than covering payroll costs, the business can also apply for a PPP loan beginning April 3, 2020. If, however, the business used the EIDL proceeds for payroll costs, the SBA requires the EIDL to be refinanced into a PPP loan. If the business had previously received the $10,000 emergency grant prior to the refinance, any allowable forgiveness on the PPP loan is reduced by the amount of the grant received. Once PPP loans became available on April 3, 2020, a business that applies for a PPP loan cannot apply for either a Section 7(a) loan or EIDL that the business intends to use to cover payroll costs during the covered period from February 15, 2020, through June 30, 2020.

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Section 7(a) Loans Not Including Paycheck Protection Program Loans

The Coronavirus Aid, Relief, and Economic Security (CARES) Act[1] added the Paycheck Protection Program (PPP) to Section 7(a) of the Small Business Act. Traditional loans under Section 7(a)—including Standard, Small, Express, Export Express, and Export Working Capital Loans (collectively, “Section 7(a) loans”), remain available.

Sec. 1112 of the CARES Act provides a subsidy for new and existing Section 7(a) loans other than PPP loans.[2] For Section 7(a) loans made before March 27, 2020, the SBA will pay the principal, interest, and associated fees[3] for a six-month period beginning with the next payment due on the loan after March 2, 2020.[4] If the loan is on deferment, the SBA will pay the principal, interest and fees for the six-month period beginning with the next payment due on the loan after the deferment period.[5]

For new Section 7(a) loans made between March 27, 2020 and September 27, 2020, the SBA will pay the principal, interest and fees for a six-month period beginning with the first payment due on the loan.[6]

To be eligible to apply for a Section 7(a) loan, a business must meet the requirements discussed in ¶3001:112 and meet the definition of a “small business concern” (see ¶3001:113). A full discussion of the types of Section 7(a) loans available and the different requirements and terms for each loan can be found at on the SBA’s website.[7] A table summarizing the various SBA Loan Programs is available at ¶3001:142.

Additional loan programs are available to small businesses, including the microloan demonstration loan program authorized by Section 7(m) of the Small Business Act and the development company program authorized by Title V of the Small Business Investment Act.[8] A discussion of these programs is beyond the scope of this Topic.

Economic Injury Disaster Loans

On March 13, 2020, President Trump declared the ongoing COVID-19 pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, territories, and the District of Columbia. As a result, eligible businesses nationwide could apply for an Economic Injury Disaster Loan (EIDL) beginning January 31, 2020 through December 31, 2020.

In general, an applicant for an EIDL must satisfy the requirements of 13 CFR § 123.300 and qualify as a small business concern (see ¶3001:113).[9] The CARES Act, however, expanded access to an EIDL during this period to

- any business with not more than 500 employees,[10]
- any individual who operates under a sole proprietorship, with or without employees, or as an independent contractor,[11]
- a cooperative with not more than 500 employees,[12]
- an employee stock ownership plan (ESOP, as defined in Section 3 of the Small Business Act) with not more than 500 employees,[13] or
- a Tribal business concern as described in Section 31(b)(2)(C) of the Small Business Act with not more than 500 employees.[14]

On April 24, 2020, the Paycheck Protection Program and Health Care Enhancement Act[15] further expanded eligibility for an EIDL to "agricultural enterprises" with 500 or fewer employees.[16] "Agricultural enterprises" includes small business concerns (see ¶3001:113) engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural-related industries.[17]

Certain business are ineligible to apply for an EIDL, including a nonprofit or charitable concern other than a private nonprofit organization as defined in 13 CFR § 123.300(d), a business deriving more than one-third of gross annual revenue from legal gambling activities, or any illegal activity.[18]

Unlike PPP loans, EIDL funds come directly from the SBA and can provide up to $2,000,000 for working capital to help eligible businesses meet financial obligations and operating expenses that cannot be met because of the disaster. The loans have a term of 30 years, and interest rates of 2.75% for private nonprofit businesses and 3.75% for-profit businesses.[19] The CARES Act temporarily waives the requirements that an applicant be in business for the one-year period before the disaster and that the applicant cannot obtain credit elsewhere.[20] In addition, a borrower of an advance or loan of not more than $200,000 is not required to provide a personal guarantee.[21]

EIDL proceeds must be used for working capital necessary to carry a business until resumption of normal operations and for expenditures necessary to alleviate the specific economic injury, including paying fixed debts like a rent or mortgage, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred.[22]

EIDL proceeds may not be used to[23]

- refinance indebtedness which you incurred prior to the disaster event,

- make payments on loans owned by another federal agency (including SBA) or a Small Business Investment Company licensed under the Small Business Investment Act,
- pay, directly or indirectly, any obligations resulting from a federal, state or local tax penalty as a result of negligence or fraud, or any non-tax criminal fine, civil fine, or penalty for non-compliance with a law, regulation, or order of a federal, state, regional, or local agency or similar matter,
- repair physical damage, or
- pay dividends or other disbursements to owners, partners, officers or stockholders, except for reasonable remuneration directly related to their performance of services for the business.

Emergency Economic Injury Grants

The CARES Act allows applicants for an EIDL to request an emergency grant (Emergency Economic Injury Grant or EEIG) of not more than $10,000.[24] The grant is to be paid within 3 days,[25] and must be used to

- provide paid sick leave to employees unable to work due to the direct effect of COVID-19,[26]
- maintain payroll to retain employees during business disruptions or substantial shutdowns,[27]
- meet increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains,[28]
- make rent or mortgage payments,[29] or
- repay obligations that cannot be met due to revenue losses.[30]

> **Comment:** On April 6, 2020, the SBA's Massachusetts District Office announced that, nationwide, the SBA had decided to implement a $1,000 cap per employee on the advance, up to a maximum of $10,000. Thus, an applicant for an EIDL with three employees would be entitled to an advance of only $3,000.

The emergency grant is not required to be repaid, even if the applicant is denied the EIDL.[31]

> **Comment:** While the tax treatment of forgiven loan proceeds as part of the PPP loan is stated in the CARES Act, the bill does not address the tax treatment of the forgiven $10,000 advance. Presumably, the amount would be included in gross income unless an exception is provided in future legislation.

Interaction Between PPP Loans, Section 7(a) Loans, and EIDLs

The CARES Act[32] expands the EIDL program to include COVID-19-related losses and created the Paycheck Protection Program to help small and medium-sized businesses cover immediate losses attributable to the COVID-19 pandemic. EIDLs are low interest loans up to $2,000,000 with potential principal and interest deferment and include an EEIG of $10,000. PPP loans are designed primarily to cover 250% of average monthly payroll costs up to $10,000,000 and certain other expenses, and may be forgivable.

A business that received an EIDL between January 31, 2020 and April 3, 2020 for reasons other than covering payroll costs can also apply for a PPP loan beginning April 3, 2020. If, however, the business used the EIDL proceeds for payroll costs, the SBA requires the EIDL to be refinanced into a PPP loan.[33] If the business had received the $10,000 EEIG prior to the refinance, any allowable forgiveness on the PPP loan is reduced by the amount of the grant received.[34] The following table compares key features of PPP loans and EIDLs.

	Emergency Loan Programs for COVID-19-Related Losses	
	Economic Injury Disaster Loans (EIDL)	Paycheck Protection Program (PPP) Loans
Description	Loan and emergency grant program with less stringent requirements for COVID-19-related losses	SBA Section 7(a) loan to cover eligible payroll, rent, and utilities expenses from 2/15/20-6/30/20
Objective	To provide working capital loans to small businesses suffering substantial economic injury from the COVID-19 crisis	To encourage small businesses to retain employees through the COVID-19 crisis
Lender	»SBA	»SBA lender bank or participating federally insured depository institution, federally insured credit union, and Farm Credit System institution »Other regulated lenders can be approved and enrolled in the PPP
Maximum borrowing	»$2,000,000 »Applicants can request an advance in the form of an Emergency Economic Injury Grant (EEIG) of up to $10,000 from the SBA	»2.5 × average monthly payroll up to $10,000,000 (disregarding payroll above $100,000 per employee) »Special rules for seasonal and new businesses
Eligibile borrowers	»Businesses with 500 or fewer employees »Businesses with more than 500 employees that qualify as small business concerns under SBA size standards for the applicable industry »Individual sole proprietorships or independent contractors »Cooperatives with 500 or fewer employees »ESOPs with 500 or fewer employees »Tribal business concerns with 500 or fewer employees »Small agricultural cooperatives, acquaculture enterprises, nursery or producer cooperatives meeting relevant SBA size standards »Private non-profits exempt under IRC § 501(c), (d), or (e) (including 501(c)(6) and (c)(4)) or with State evidence that it is a non-revenue producing organization or entity that is a non-profit organized or doing business under State law, or a faith-based organization.	»Small businesses with 500 or fewer employees or that meet the applicable SBA size standard for its NAICS, if higher »501(c)(3) nonprofit organizations with 500 or fewer employees or that meet the applicable SBA size standard for its NAICS, if higher »501(c)(19) veterans organizations with 500 or fewer employees or that meet the applicable SBA size standard for its NAICS, if higher »Tribal business concerns with 500 or fewer employees or that meet the applicable SBA size standard for its NAICS, if higher »Business concerns with NAICS code beginning with 72 (Hotels and Restaurants) with 500 or fewer employees *per physical location* »Individual sole proprietorships, independent contractos, and eligible self-employed individuals
Applicant must have been in operation since	»January 31, 2020	»February 15, 2020
Affiliates	»SBA affiliation rules apply in determining eligibility	»SBA affiliation rules apply, but are waived for business concerns with NAICS code beginning with 72 (hotels and restaurants), business concerns operating as a franchise with an SBA franchise identifier code, and companies that receive funding through a SBIC »The relationship of a faith-based organization to another organization is not an affiliation if the relationship is based on a religious teaching or belief or is otherwise part of the exercise of religion, and applying the affiliation rules would substantially burden those organizations' religious exercise
Restrictions on use of proceeds	»EIDL proceeds can be used for payroll and other costs, and to cover increased costs relating to supply chain interruption, pay obligations that cannot be because of revenue loss and for other uses. cannot be used for the same expenses as PPP »EEIG funds must be used to pay sick leave to employees unable to work due to the direct effect of the COVID–19; maintaining payroll to retain employees during business disruptions or substantial slowdowns; meeting increased costs to obtain materials unavailable from the original sources because of interrupted supply chains; making rent or mortgage payments; and repaying obligations that cannot be met because of revenue losses. »EIDL or EEIG received after 1/31/20 and through 4/3/2020 can be refinanced into the PPP if used for payroll costs for the PPP covered period	»PPP proceeds cannot be used for same expenses as other SBA loans »75% of the loan to be used to cover payroll costs over the 8-week period after the loan is made. Payroll costs include salary, wages, commissions, or tips (capped at $100,000 on an annualized basis for each employee); employee benefits, including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provision of group health care benefits, including insurance premiums, and retirement benefits; and state and local taxes on compensation »Not more than 25% of the forgiven amount may be used for eligible non-payroll costs, for example, mortgage interest, rent and utilities
Eligible for forgiveness	»No	»Yes, if 75% of the loan proceeds are used to cover payroll costs over the eight week period after the loan is made and employee and compensation levels are maintained »Reduction for decrease in average number of full-time equivalent employees compared to 2/15/2019-6/30/2019 or 1/1/2020-2/29/2020 (except that seasonal employers must use 2/15/2019 - 6/30/2019 as benchmark) unless restored by 6/30/2020 »Reduction for decreases in salaries/wages by more than 25% for any employee that made less than $100,000 annualized in 2019, unless restored by 6/30/2020
Maturity	»Up to 30 years	»2 years for portion of the loan not forgiven
Interest rate	»3.75% »2.75% for non-profit organizations	»1%
% of SBA guarantee	»100%	»100% »As of 1/1/21, 85% for loans under $150,000 and 75% for loans $150,000 or more
Personal guarantee	»Waived for loans less than $200,000 »Required for owners of more than 20% of the business, managing members of LLCs, and managing partners of LPs for loans greater than $200,000	»No
Collateral	»UCC lien against business assets	»No
Loan deferral	»Up to a year, but interest accrues during deferment	»6 months, but interest accrues during deferment

On or after April 3, 2020, the date PPP loans became available, a business that applies for a PPP loan cannot apply for either a Section 7(a) loan or an EIDL that the business intends to use to cover payroll costs during the covered period from February 15, 2020 through June 30, 2020.[35]

> **Comment:** A business could conceivably borrow a Section 7(a) loan, a PPP loan, and an EIDL after April 3, 2020, provided only the PPP loan was used to cover payroll costs during the period from February 15, 2020 through June 30, 2020.

The following table summarizes key features of PPP loans, EIDLs, and certain Section 7(a) loans, *i.e.*, Standard Section 7(a) loans, Section 7(a) Small loans, SBA Express loans, Export Express loans, and Export Working Capital Loans.

Summary of SBA Loan Programs							
	New for COVID-19		Section 7(a) Loans				
	Economic Injury Disaster Loans (EIDL) for COVID-19 Losses	Paycheck Protection Program (PPP) Loans	Standard Section 7(a) Loans	Section 7(a) Small Loans	SBA Express	Export Express	Export Working Capital
Lender	SBA	Banks/credit unions/SBA	SBA	SBA	SBA	SBA	SBA
Must have been in operation on	1/31/2020	2/15/2020					
Eligibility	»500 or fewer employees or satisfies the applicable SBA industry size standard and »in operation on 1/31/2020	»500 or fewer employees or satisfies the applicable SBA industry size standard (per location for hospitality businesses) and »in operation on 2/15/2020	Determined by SBA and Lender	Determined by SBA and Lender	Determined by Lender	Determined by Lender	Determined by SBA and Lender
Maximum borrowing	$2,000,000	2.5 × average monthly payroll up to $10,000,000 (disregarding payroll above $100,000 per employee) Special rules for seasonal and new businesses	$5,000,000	$350,000	$350,000	$500,000	$5,000,000
Maturity	Up to 30 years	2 years for portion of the loan not forgiven	Up to 10 years (25 years for real estate)	Up to 10 years (25 years for real estate)	Up to 10 years (25 years for real estate, 7 years for revolving lines of credit)	Up to 10 years (25 years for real estate, 7 years for revolving lines of credit)	Up to 3 years (12 months or less for revolving lines of credit)
Interest rate	3.75% 2.75% for non-profit organizations	1.00%	Not to exceed SBA maximum	Not to exceed SBA maximum	Not to exceed SBA maximum	Not to exceed SBA maximum	Not to exceed SBA maximum
Grant/advance	Emergency Economic Injury Grant (EEIG) up to $10,000 is available as an advance on an EIDL	None	None	None	None	None	None
Eligible for forgiveness	No	Yes, but amount forgiven may be reduced for unrestored decreases in headcount or wages	No	No	No	No	No
Loan deferral	Up to a year, but interest accrues during deferment	6 months, but interest accrues during deferment	No, but see Subsidy	No, but see Subsidy	No, but see Subsidy	No, but see Subsidy	No, but see Subsidy
Subsidy	No	In the form of forgiveness	6 months paid by SBA	6 months paid by SBA	6 months paid by SBA	6 months paid by SBA	6 months paid by SBA
% of SBA guarantee	100%	100% As of 1/1/21, 85% for loans under $150,000 and 75% for loans $150,000 or more	85% up to $150,000; 75% for loans greater than $150,000	85% up to $150,000; 75% for loans greater than $150,000	50%	90% up to $350,000; 75% for loans greater than $350,000	90%
Where to apply	SBA at *www.sba.gov*	SBA-approved lender	SBA-approved lender	SBA-approved lender	SBA-approved lender	SBA-approved lender	SBA-approved lender

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3001:140-1 Sec. 1100DivA, PL 116-136, 3/27/2020.

3001:140-2 Sec. 1112(a)(1)(A)(ii)DivA, PL 116-136, 3/27/2020.

3001:140-3 Sec. 1112(c)(1)DivA, PL 116-136, 3/27/2020.

3001:140-4 Sec. 1112(c)(1)(A)DivA, PL 116-136, 3/27/2020.

3001:140-5 Sec. 1112(c)(1)(B)DivA, PL 116-136, 3/27/2020.

3001:140-6 Sec. 1112(c)(1)(C)DivA, PL 116-136, 3/27/2020.

3001:140-7 **https://www.sba.gov/partners/lenders/7a-loan-program/types-7a-loans**.

3001:140-8 15 USC § 695.

3001:140-9 13 CFR § 123.300(b).

3001:140-10 Sec. 1110(a)(2)(A)DivA, PL 116-136, 3/27/2020.

3001:140-11 Sec. 1110(a)(2)(B)DivA, PL 116-136, 3/27/2020.

3001:140-12 Sec. 1110(a)(2)(C)DivA, PL 116-136, 3/27/2020.

3001:140-13 Sec. 1110(a)(2)(D)DivA, PL 116-136, 3/27/2020.

3001:140-14 Sec. 1110(a)(2)(E)DivA, PL 116-136, 3/27/2020.

3001:140-15 Sec. 101DivA, PL 116-139, 4/24/2020.

3001:140-16 Sec. 101(c)DivA, PL 116-139, 4/24/2020, amending Sec. 1110(a)(2)DivA, PL 116-136, 3/27/2020.

3001:140-17 *See* 15 USC § 647(b).

3001:140-18 13 CFR § 123.301.

3001:140-19 SBA Updates Criteria on States for Requesting Disaster Assistance Loans for Small Businesses Impacted by Coronavirus (COVID-19), March 17, 2020 at **https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-updates-criteria-states-requesting-disaster-assistance-loans-small-businesses-impacted**.

3001:140-20 Sec. 1110(c)DivA, PL 116-136, 3/27/2020.

3001:140-21 Sec. 1110(c)DivA, PL 116-136, 3/27/2020.

3001:140-22 13 CFR § 123.303(a).

3001:140-23 13 CFR § 123.303(b).

3001:140-24 Sec. 1110(e)(3)DivA, PL 116-136, 3/27/2020.

3001:140-25 Sec. 1110(d)(1)DivA, PL 116-136, 3/27/2020.

3001:140-26 Sec. 1110(e)(4)(A)DivA, PL 116-136, 3/27/2020.

3001:140-27 Sec. 1110(e)(4)(B)DivA, PL 116-136, 3/27/2020.

3001:140-28 Sec. 1110(e)(4)(C)DivA, PL 116-136, 3/27/2020.

3001:140-29 Sec. 1110(e)(4)(D)DivA, PL 116-136, 3/27/2020.

3001:140-30 Sec. 1110(e)(4)(E)DivA, PL 116-136, 3/27/2020.

3001:140-31 Sec. 1110(e)(5)DivA, PL 116-136, 3/27/2020.

3001:140-32 Sec. 1100DivA, PL 116-136, 3/27/2020.

3001:140-33 15 USC § 636(a)(36)(F)(iv);Sec. 1101DivA, PL 116-136, 3/27/2020; **https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf**.

3001:140-34 Sec. 1110(e)(6)DivA, PL 116-136, 3/27/2020.

3001:140-35 *See* 15 USC § 636(G)(i)(III); 15 USC § 636(a)(36)(G)(i)(IV); 15 USC § 636(a)(36)(Q); **https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf**.

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